

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 4594
Longevity International)
Enterprises Corporation)

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found probable cause to believe that Longevity International Enterprises Corporation ("Respondent") violated 2 U.S.C. § 441e(a).

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

I. The Commission has jurisdiction over Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Respondent is a Hawaii corporation incorporated on April 17, 1995. Prior to this date, Respondent was a California corporation incorporated on February 21, 1979. Respondent has been the titled owner of the Chinatown Cultural Plaza Shopping Center ("Cultural Plaza") since 1979.

21-04-402-5172

2. The majority of Respondent's management, board of directors, and shareholders are nationals of the Republic of China.

a. Two foreign nationals, Karl C.P. Wang and Chang-Jung Tuan managed the Cultural Plaza, as Assistant General Manager and General Manager, respectively, from 1984 through 1995. Furthermore, both Tuan and Wang supervised Louis C.L. Chang, the operations manager of the Cultural Plaza during the time in question. Wang and Chang's "duties and responsibilities...include[d] the day to day operations of dealing with tenants and dealing with the problems of tenants." Mr. Chang was responsible for negotiating leasing agreements with tenants, including Frank Fasi and Friends for Fasi's (collectively "Fasi"). Wang, Tuan, and Chang received their instructions and were supervised by foreign nationals who mainly comprised the board of directors of Longevity.

b. Foreign national China Airlines, Ltd. executives, including Szeto Fu (CAL Chairman), Chang Lin-Teh (CAL President), Chi-Tao Shan (CAL Vice-President), Stanley S.C. Huang (CAL Vice-President) comprised all but one of the original board of directors of Longevity. Longevity's Articles of Incorporation for the years 1979 (California) and 1995 (Hawaii) and the annual filings for 1987, 1990, 1996 disclose the following foreign national composition:

1979

Szeto Fu	Chairman of the Board	Republic of China
Chang Lin-Teh	President	Republic of China
Chi-Tao Shan	Vice President	Republic of China
Sherman S.M. Wang	Director	Republic of China
Jen Fie Tun	Director	Republic of China
Chock Tong Wong	Director	United States
Stanley S.C. Huang	Director	Republic of China

1987

Jung-Chun Chi	Chief Executive Officer	Republic of China
---------------	-------------------------	-------------------

21-04-402-5173

	Louis C.L. Chang Bang-Chuan Wang Yueh Wu Ven-Chung Lee	and Director Secretary Chief Financial Officer Director Director	United States United States Republic of China Republic of China
1990	Jung-Chun Chi	Chief Executive Officer and Director	Republic of China
	Louis C.L. Chang Bang-Chuan Wang Yueh Wu Hung-I Chiang	Secretary Chief Financial Officer Director Director	United States United States Republic of China Republic of China
1995	Stephen S.F. Chen Chou-Seng Tou Louis C.L. Chang Shwu-Fuey Chu Sing-Chew Tam Hung-Tsao Chang Ting-Tu Yu Chock-Tong Wong Karl C.P. Wang	Chairman of the Board President and Director Secretary Treasurer Director Director Director Director Director	Republic of China Republic of China United States United States Republic of China Republic of China United States United States United States
1996	Wen-Hua Tzen Lyu Shun Shen Shwu-Fuey Chu Rex L. P. Fa Ting-Tu Yu Chock-Tong Wong Hsu-Fu Huang C.J. Yang Ron-Jye Chen	Chairman of the Board President and Director Treasurer Secretary Director Director Director Director Director	Republic of China Republic of China United States United States United States United States Republic of China Republic of China Republic of China
1997	Wen-Hua Tzen Lyu Shun Shen Rex L.P. Fa Shwu-Fuey Chu Kai Wang Chock-Tong Wong Hsu-Fu Huang C.J. Yang	Chairman of the Board President Secretary Treasury Director Director Director Director	Republic of China Republic of China United States United States United States United States Republic of China Republic of China

21-04-402-5174

Ron-Jye Chen

Director

Republic of China

c. Decisions to expend corporate treasury monies, as well as a variety of other matters, are all decisions required to be made by a majority vote of the board of directors and, therefore, these decisions could not be made without the participation of the foreign national board members. Leases at the Cultural Plaza were routinely approved by the board of directors of Longevity.

d. A majority of the original shareholders were CAL employees and all of the original shareholders are foreign nationals and residents of the Republic of China. These aforementioned individuals were also responsible for funding the creation of Longevity and the purchase of the Cultural Plaza. Shares of the corporation were purchased as follows:

Szeto Fu, <i>CAL Chairman, 1978-84:</i>	5,000 shares for the payment of \$5,000,000
Chang Lin-Teh, <i>CAL President, 1977-88:</i>	3,855 shares for the payment of \$3,855,000
Sherman S.M. Wang, <i>Pres., Hwa-Mei Bank:</i>	50 shares for the payment of \$50,000
Jen Fie Tun, <i>Pres., Bank of Canton:</i>	75 shares for the payment of \$75,000
Stanley S.C. Huang, <i>CAL Vice Pres., 1975-87:</i>	20 shares for the payment of \$20,000

Consequently, foreign nationals held absolute control and direction over the composition of Longevity's board of directors which, as discussed above, is likewise predominately comprised of foreign nationals.

3. Foreign nationals are prohibited from contributing money, or anything of value, to a candidate for any political office, including Federal, State, or local office, either directly or through any other person, pursuant to 2 U.S.C. § 441e(a) and 11 C.F.R. § 110.4(a).

4. It is also unlawful for any foreign national to direct, dictate, control, or directly participate in the decision-making process of any person, including domestic corporations, with regard to decisions concerning the making of contributions in connection with elections for any local, State, or Federal office. 11 C.F.R. § 110.4(a).

21-01-402-5175

5. A foreign national is an individual who is not a citizen of the United States and who is not lawfully admitted for permanent residence, as defined by section 1101(a)(20) of Title 8. 2 U.S.C. § 441e(b).

6. Friends for Fasi is the principal campaign committee for Frank Fasi. Frank Fasi served as mayor of Honolulu from 1968 through 1980, and from 1984 through 1994. He also campaigned for the office of governor (winning the Republican primary) in 1994, and office of mayor in 1996.

7. Fasi had a written lease with Respondent for space at the Cultural Plaza from January 30, 1981 through February 29, 1984. Although Fasi's written lease provided that he was to pay base rent of \$1,546.65 per month for 3,437 square feet of space, he paid only \$800 per month for that space. After the written lease expired, Fasi was a month-to-month tenant with no written lease from March 1, 1984, when Frank Fasi was re-elected Mayor of Honolulu, until Fasi vacated the premises in November 1996, shortly after Frank Fasi was defeated in the 1996 Honolulu Mayoral Primary Election. Fasi's rent remained at \$800 per month until April of 1996 (see paragraph 11, below). During that same 15 year time frame, other similarly situated rental space at the Cultural Plaza increased exponentially in price. According to Respondent, there was never a situation besides Fasi's where a tenant was allowed in a space in the Cultural Plaza without any written lease.

8. From January 1994 through November 1996, Respondent made in-kind contributions to Fasi in the form of reduced gross rental rates for 3,437 square feet of space at the Cultural Plaza.

9. A conservative gross rental rate for the years 1994-1996 at the Cultural Plaza would approximate \$1.50 per square foot or \$5,155.50 per month.

21-04-402-5176

10. For January 1994 through December 1995 Fasi paid \$800.00 per month for the space. Therefore, the amount in violation through 1995 equals \$104,598.50 ((24 x 5,155.50) - (24 x \$800.00)).

11. During 1996 Fasi made a variety of rental payments for the same space as illustrated by the following chart:

MONTH	RENT PAID	AMOUNT OF IN-KIND CONTRIBUTION	RUNNING TOTAL
January	\$800.00	\$4,355.50 (\$5,155.50 - \$800.00)	\$4,355.50
February	\$800.00	\$4,355.50 (\$5,155.50 - \$800.00)	\$8,711.00
March	\$800.00	\$4,355.50 (\$5,155.50 - \$800.00)	\$13,066.50
April	\$2,500.00	\$2,655.50 (\$5,155.50 - \$2,500.00)	\$15,722.00
May	\$2,500.00	\$2,655.50 (\$5,155.50 - \$2,500.00)	\$18,377.50
June	\$1,666.60	\$3,488.90 (\$5,155.50 - \$1,666.60)	\$21,866.40
July	\$3,500.00	\$1,655.50 (\$5,155.50 - \$3,500.00)	\$23,521.90
August	\$3,500.00	\$1,655.50 (\$5,155.50 - \$3,500.00)	\$25,177.40
September	\$0.00	\$5,155.50 (\$5,155.50 - \$0.00)	\$30,332.90
October	\$0.00	\$5,155.50 (\$5,155.50 - \$0.00)	\$35,488.40
November	\$0.00	\$5,155.50 (\$5,155.50 - \$0.00)	\$40,643.90

12. Therefore, for 1996 the amount in violation equals \$40,643.90. This figure added to the amount in violation for 1994-1995, \$104,598.50, yields the figure of \$145,242.40 as the total amount in violation for the entire time at issue.

13. Longevity contends that the violation was not knowing and willful. It further contends that the rent charged to Fasi was based on the poor condition and undesirable location of the office space.

V. Longevity's management, board of directors, and shareholders, a majority of which are foreign nationals, participated in the company's decision to make these contributions to Fasi which amounted to over \$145,000. Consequently, Respondent's contribution violated 2 U.S.C. § 441e(a).

21-01-402-5177

VI. 1. Respondent will pay a civil penalty to the Federal Election Commission in the amount of Seventy-Five Thousand dollars (\$75,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

2. Respondent will no longer make monetary or in-kind contributions to any local, state, and/or Federal campaigns.

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondent shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirement contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written

21-04-402-5178

agreement shall be enforceable. The Commission has exclusive jurisdiction with respect to civil enforcement of the Federal Election Campaign Act of 1971, as amended. 2 U.S.C.

§§ 437c(b)(1) and 437d(e); see e.g., *National Committee of the Reform Party of the United States of America v. Democratic National Committee*, 168 F. 3d 360, 364 (9th Cir. 1999).

Additionally, this Conciliation Agreement, unless violated, is a complete bar to any further action by the Commission with respect to the violation at issue in this matter. See 2 U.S.C.

§ 437g(a)(4)(A)(i).

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

BY:


Lois G. Lerner
Associate General Counsel

Date

1/4/00

FOR THE RESPONDENT:

LONGEVITY INTERNATIONAL ENTERPRISE
CORPORATION


(Name) HAI-LUNG HUANG
(Position) President

Date

Dec. 14, 1999